

Small-business stimulus: Something for everyone, eventually

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What's in the federal stimulus bill for small businesses? Quite a bit.

While experts are still wading through the massive bill passed last month by Congress, a couple of things are becoming clear: Small businesses haven't been forgotten, and the U.S. Small Business Administration will be a major vehicle for helping them.

"There's a focus on small business in the stimulus plan, and the SBA is getting a lot of benefits from this," said Geof Longstaff, chairman of Mercantile Commercial Capital, an Altamonte Springs-based lender that has established a stimulus-response team to decipher the legislation.

"It will be cheaper for small businesses to apply for loans, and there will be fewer SBA fees."

The SBA is being careful about raising expectations. The North Florida regional office, which represents the Orlando area, is already getting calls from people looking for stimulus help.

What's for certain?

Two things are definite, district Director Wilfredo Gonzalez said: Application fees for loans have been slashed, saving the average business owner about \$2,000 on a \$100,000 loan. And the agency will now be able to guarantee as much as 90 percent of a small-business loan, compared with 75 percent to 85 percent in the past.

By cutting the repayment risk for banks that loan to small businesses, the plan is supposed to encourage lending, though the response from banks could differ from region to region, Gonzalez said.

Those provisions could take effect in the next couple of days. Other pieces of the stimulus puzzle are still being worked out and may not be in place for a couple of months.

Is it soon enough?

The stimulus bill also allots more money to the SBA's micro-loan program, which provides a 100 percent guarantee on loans of as much as \$35,000. And the agency can now help small businesses that are looking to consolidate their debts — something it wasn't allowed to do in the past.

"The issue is not whether it's going to help or not," Gonzalez said. "We know it's going to help. It's whether it's going to catch some people in time."

Who can benefit?

In addition to the lending incentives, the plan includes tax benefits for small businesses, including new rules for tax write-offs and tax credits for hiring disadvantaged youth or unemployed veterans. But many of those provisions are of value to a business only if it is turning a profit.

"None of these benefits would matter if businesses can't make the investments in the first place," said Bud Bennington, a lawyer who chairs the business-litigation practice group in Shutts & Bowen's Orlando office. "It seems to be a mixed bag of nuts."

Bennington's law firm is trying to drill down into the stimulus bill so it can counsel clients on the potential benefits.

"It seems that you need to be a detective to reap the full benefits of this provision," he said. "A lot of this is readable. The problem is that you're going to take a long time to read it."

Is more debt the answer?

The bill has "something in it for everyone," according to U.S. Rep. Suzanne Kosmas, D- New Smyrna Beach, who was a small-business owner before her election to Congress last fall. In addition to the SBA assistance and tax breaks, small companies could benefit from federal spending on infrastructure or from tax cuts awarded to individuals, who will then have more money to spend in local stores and restaurants.

"There are a number of items in here designed to help small business," Kosmas recently told a group of business owners in Winter Park. "The criticism that we've heard ... is that it doesn't really reduce small-business operating expenses."

Kosmas said results of the stimulus bill should "hit the street" soon, but some local business owners aren't as optimistic.

Rob Goderis, an Orlando-based custom-home builder, said he doesn't think more debt is the answer for companies trying to keep their head above water. And he's afraid government bureaucracy will keep the money from getting to Main Street businesses, especially those with only a handful of workers.

"I just see too much government involved in the management of this money," he said. "I'm not very optimistic about that money ever getting into the hands of small business."